

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AGR-05

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 4669

INFO AMEMBASSY NAIROBI

C O N F I D E N T I A L ADDIS ABABA 6432

E.O. 11652: GDS

TAGS: ECON EINV ET

SUBJECT: EPMG COMPENSATION OF NATIONALIZED INDUSTRIES

REF: ADDIS 6054

1. ECON COUNSELOR CALLED ON ATO TADESSE GABRE KIDANE, VICE GOVERNOR OF THE NATIONAL BANK AND DE FACTO CHAIRMAN OF THE EPMG COMMITTEE ON COMPENSATION ON MAY 29. DURING THE COURSE OF THE CONVERSATION ATO TADESSE MADE THE FOLLOWING POINTS IN CONFIDENCE:

A. A DRAFT COMPENSATION LAW IS 95 PERCENT COMPLETE WITH NO CONTENTIOUS ISSUES LEFT TO BE RESOLVED. THE COMMITTEE MEMBERS DO ALL THE WORK THEMSELVES IN ORDER TO AVOID ANY LEAKS. THEY HAVE BEEN WORKING ON THE DRAFT SINCE EARLY FEBRUARY, USUALLY MEETING ONCE OR TWICE A WEEK.

B. THE COMMITTEE IS CURRENTLY TRANSLATING THE DRAFT FROM ENGLISH INTO AMHARIC FOR CONSIDERATION BY THE COUNCIL OF MINISTERS. THIS IS A VERY ARDUOUS AND TIME-CONSUMING TASK (TWO OR THREE PAGES PER SESSION) AND IT MAY TAKE THE COMMITTEE AS LONG AS ANOTHER MONTH BEFORE THE TRANSLATION IS COMPLETED.

C. UPON COMPLETION OF THE TRANSLATION, THE LAW WILL BE CONSIDERED BY THE COUNCIL OF MINISTERS AND THEN BY THE PMAC.

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ATO TADESSE IS NOT CERTAIN HOW THE DRAFT WILL BE RECEIVED AND

WOULD NOT VENTURE AN OPINION AS TO HOW LONG IT WILL TAKE TO
OBTAIN FINAL APPROVAL.

2. THE COMPENSATION LAW WILL NOT TREAT COMMERCIAL FARMING
ASSETS AS THIS AREA WAS NOT INCLUDED IN THE COMMITTEE'S TERMS OF
REFERENCE. NEGOTIATIONS ARE GOING ON WITHIN THE EPMG TO
DETERMINE WHO WILL BE RESPONSIBLE FOR WORKING OUT COMPENSATION
FOR ASSETS ON COMMERCIAL FARMS. RESOLUTION OF THIS QUESTION MAY
NOT BE ACHIEVED FOR SEVERAL WEEKS.

3. IN RESPONSE TO A QUESTION BY ATO TADESSEE REGARDING THE
IMPORTANCE THE USG ATTACHES TO COMPENSATION, THE ECON COUNSELOR
STRESSED THE APPLICABLE PROVISIONS OF US LAW AND UNDERLINED
THE POTENTIAL IMPLICATIONS FOR US-ETHIOPIAN RELATIONS IF
SATISFACTORY PROGRESS IN THIS AREA IS NOT MADE.
HUMMEL

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